

**2009-2010 Session
State Legislative Report as of 5/25/2010
Overview of Priority Board Regular Session Bills**

AB 542 (Feuer) Hospital Acquired Conditions (S-HEALTH)

This bill would require adoption of regulations to establish uniform policies and practices governing the non-payment of hospitals for substantiated adverse events (hospital acquired conditions) by public and private payers, including MRMIB, consistent with those developed by the federal Centers for Medicare and Medicaid Services.

AB 1595 (Jones) Medi-Cal: Eligibility (A-APPROPRIATIONS)

This bill would phase in the expanded Medi-Cal eligibility requirements to 133 percent of the federal poverty level for adults and children prior to the federal deadline of January 1, 2014.

AB 1602 (Perez) Health Care Coverage (A-SUSPENSE)

This bill would enact the California Patient Protection and Affordable Care Act, and would create the California Health Benefit Exchange to determine eligibility and enrollment and arrange for coverage with participating health, dental and vision plans.

AB 1653 (Jones) Extension of Quality Assurance Fee (A-SUSPENSE)

This bill would extend for an additional six months—through June 30, 2011—the quality assurance fee that AB 1383 (2009) imposed on specified hospitals.

***AB 1887** (Villines; Coauthor: Monning) Temporary High Risk Pool (A-SUSPENSE)

This bill would give the Board the express authority to establish a temporary federal high risk pool in California.

AB 2470 (Del La Torre) Individual Care Coverage (A-SUSPENSE)

This bill would establish standardized procedures and forms for applicants in the individual health care market. It also sets forth specific conditions in which penalties may be assessed against the industry related to policy cancellations, with penalties collected then deposited into the Major Risk Medical Insurance Fund to support the Major Risk Medical Insurance Program.

SB 227 (Alquist) MRMIP Expansion (A-APPROPRIATIONS)

This bill would provide long-term funding of the Major Risk Medical Insurance Program and expand coverage for medically uninsurable persons via a pay or play mechanism.

SB 890 (Alquist) Health Care Reform Implementation (S-SUSPENSE)

This bill would enact major changes to rules governing the individual insurance market that would affect standard benefit plan designs, and make other changes to standardize the enrollment application process.

* Major amendments since the last Board meeting

SB 900 (Alquist) California Health Insurance Exchange (S-SUSPENSE)

This bill would establish the California Health Benefits Exchange within the California Health and Human Services Agency to implement specific functions imposed by the federal Patient Protection and Affordable Care Act.

***SB 1063** (Cox) Health Families Program (S-SUSPENSE)

This measure would require the Board to structure copayments for prescription drugs and emergency health care services using a ratio that penalizes use of brand name drugs instead of generics and use of emergency health services if the subscriber is not hospitalized.

SB 1109 (Cox) California Children and Families Program: Funding (S-HEALTH)

This measure would, with voter approval, abolish the California Children and Families Commission (First 5 California) and divert funds collected in the California Children and Families Trust Fund to the General Fund for appropriation by the Legislature to the Healthy Families and Medi-Cal programs.

SB 1163 (Leno) Health Care Coverage: Denials: Premium Rates (S-SUSPENSE)

This bill would establish additional reporting for both the individual and group health insurance industry when coverage is denied or offered at a rate higher than the standard. This information is required to be reported annually to the Managed Risk Medical Insurance Board and relevant committees of the Legislature.

SB 1431 (Simitian) County Health Initiative Matching Fund (S-SUSPENSE)

This bill would allow C-CHIP counties participating in CHIM (County Health Initiative Matching) Fund counties to apply to the Managed Risk Medical Insurance Board for receipt of matching federal funds to provide health care coverage to eligible children whose family income is at or below 400 percent of the federal poverty level.

SCA 29 (Strickland) Health Care Coverage (S-HEALTH)

This bill would prevent delivery or enforcement of health care services in California that were required for individuals to purchase; that required health care service plans or health insurers to guarantee issue of to all applicants; would require employers to provide or pay a fee or tax in lieu of; would allow the government to create, operate or subsidize an entity that would compete with health care service plans or health insurers in the private sector; or would create a single-payer health care system, unless approved by a vote of the electorate.

Assembly Bills

†**AB 542** (Feuer) Hospital-Acquired Conditions

Version: Amended 06/18/2009

Sponsor: Author

Status: 6/18/2009-Senate HEALTH

This bill requires adoption of regulations to establish uniform policies and practices governing the non-payment of hospitals for substantiated adverse events (hospital acquired conditions) by public and private payers consistent with those developed by the federal Centers for Medicare and Medicaid Services. The law requires several state entities, including the Managed Risk Medical Insurance Board, to adopt the nonpayment policies.

AB 1445 (Chesbro) Visits to Federally Qualified Health Centers and Rural Health Clinics

Version: Amended 6/1/2009

Sponsor: California Primary Care Association

Status: 7/9/2009-Senate APPROPRIATIONS

The bill would allow federally qualified health centers (FQHCs) and rural health clinics (RHCs) to be reimbursed by Medi-Cal for more than one patient visit per day if the individual sees more than one health care professional at the time. An example of this situation would be if the patient had an appointment with a health care professional and a mental health professional on the same day at the same location. Another example would be a situation where a patient had an appointment for an illness and then on the same day became injured and needed to return that day to the same location. Federal law currently allows two visits per day, but Medi-Cal does not provide reimbursement. As MRMIB intends to use the Medi-Cal process to pay prospective payment rates to clinics, this could also affect HFP costs.

This change in reimbursement was vetoed by the Governor in 2007 as SB 36 (Steinberg) due to General Fund costs.

†**AB 1595** (Jones) Federal Health Care Reform Implementation

Version: Introduced 4/28/2010

Sponsor: Author

Status: 5/12/2010-Assembly APPROPRIATIONS

This bill would allow California to phase in the expanded Medi-Cal provision of the Patient Protection and Affordable Care Act upon enactment of this bill, which could have the effect of transitioning adults and children into the program prior to the federal deadline of January 1, 2014. Individuals affected by this bill and the federal provision must meet income requirements of 100 to 133 percent of federal poverty level. The bill would move children ages 6-19 with incomes between 100 to 133 percent of the federal poverty level from HFP to Medi-Cal.

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

AB 1600 (Beall) Mental Health Parity
Version: Introduced 1/4/2010
Sponsor: Author
Status: **4/21/2010-Assembly SUSPENSE**

This bill would require health plan contracts and insurer policies issued, amended or renewed on or after January 1, 2011, to cover the diagnosis and treatment of any mental illness, for any person of any age, and under the same terms and conditions of other medical conditions. The bill would exempt Medi-Cal plans. The coverage required by this bill must be provided in the plan or insurers' entire service area and in emergencies. The bill would permit CalPERS to purchase a health plan or policy that includes mental health coverage and would exempt CalPERS plans, contracts or policies from the bill's other requirements unless CalPERS exercises this authority.

†**AB 1602** (Perez) (Principal Coauthors: Bass and Monning) Health Care Coverage
Version: Amended 4/15/2010
Sponsor: Author
Status: **5/12/2010-Assembly SUSPENSE**

As amended, this bill would enact the California Patient Protection and Affordable Care Act. It would create the California Health Benefit Exchange to determine eligibility and enrollment and arrange for coverage with participating health, dental and vision plans. This bill would also create a governing body for the Exchange, appointed by the Governor and the Legislature and the California Health Trust Fund as a continuously appropriated fund.

†**AB 1653** (Jones) Extension of Quality Assurance Fee
Version: Introduced 1/14/2010
Sponsor: Author
Status: **4/21/2010 Assembly SUSPENSE**

This bill would extend for an additional six months—through June 30, 2011—the quality assurance fee that AB 1383 (2009) imposed on specified hospitals. AB1383 required DHCS to use the combined state and federal funds for supplemental reimbursements to hospitals and managed health care plans and to provide \$80 million per quarter of the year for health care coverage for children.

*†**AB 1887** (Villines; Coauthor: Monning) Temporary High Risk Pool
Version: Amended 4/28/2010
Sponsor: Author
Status: **5/19/10 – Assembly SUSPENSE**

This bill was amended to provide the Managed Risk Medical Insurance Board with the authority to establish a temporary federal high risk pool in California to provide health care coverage to specified persons who have pre-existing conditions and have not been covered by creditable

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

health coverage for the six months prior to applying for coverage under the pool. This bill establishes specific provisions for eligibility, benefits, out-of-pocket expenses, premiums and other aspects of the program.

AB 2025 (De La Torre) Medi-Cal: Demonstration Project

Version: Amended 5/11/10

Sponsor: Author

Status: 5/19/10 – Assembly SUSPENSE

Existing law establishes the Medi-Cal Hospital/Uninsured Care Demonstration Project Act that revises hospital reimbursement methodologies to maximize use of federal funds consistent with federal Medicaid law and stabilizes the distribution of funding for hospitals. DHCS is required to submit an application to the federal Centers for Medicare and Medicaid Services (CMS) for a waiver or demonstration project that would implement specified objectives. This bill requires the department to submit its application for a waiver to CMS by September 1, 2010. It also provides that each designated public hospital shall implement a comprehensive process to offer individuals who receive services the opportunity to apply for the Health Families Program or any other public program for which they are eligible.

AB 2354 (V.M. Perez) Community Health Workers: Promotores

Version: Amended 4/13/2010

Sponsor: Author

Status: 5/5/2010 - Assembly SUSPENSE

This bill would require the state Department of Public Health, in consultation with the University of California, to establish a technical advisory committee to study the current use of promotores in supporting positive health outcomes throughout California and the funding resources that support the work of promotores. The bill also identifies promotores or Community Health Workers, peer leaders or health advocates, as a bridge between the community and the public and private health care systems and enumerating the various functions of promotores: health educator, health promoter, informational counselor, and a source of assistance on prevention, referrals and resources in a culturally and linguistically appropriate manner.

†**AB 2470** (De La Torre) Individual Health Care Coverage

Version: Introduced 2/19/2010

Sponsor: California Medical Association

Status: 4/14/2010 – Assembly SUSPENSE

This bill requires the Director of the Department of Managed Health Care Services and the Insurance Commissioner to jointly issue regulations establishing a standard information and health history questionnaire to be used in the individual market industry. The bill also sets forth specific conditions under which a policy could be canceled or rescinded due to information contained in the application. Penalties assessed for violation of this law would be deposited into

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

the Major Risk Medical Insurance Fund to support the Major Risk Medical Insurance Program subject to appropriation by the Legislature.

AB 2533 (Fuentes) Health Care Coverage: Quality Rating

Version: Amended 5/6/2010

Sponsor: California Medical Association

Status: 5/13/2010 – Senate RULES FOR ASSIGNMENT

This bill would expand provisions of law that require every health care service plan and certain health insurers to file with the respective departments a description of policies and procedures related to economic profiling used by the plan or insurer and its medical groups and individual practice associations. Economic profiling means any evaluation of a particular physician, provider, medical group or individual practice association based in whole or part on the economic costs or utilization of services associated with the medical care provided or authorized by a specific physician. The bill would expand these provisions to apply to quality ratings used by the plan or insurer with respect to individual or group performance of physicians.

AB 2578 (Jones) Health Care Coverage: Rate Approval

Version: Amended 3/18/2010

Sponsor: Author

Status: 4/21/2010 – Assembly SUSPENSE

This bill would require that insurers obtain approval from the Department of Managed Health Care or the Department of Insurance to increase a premium, co-payment, coinsurance obligation, deductible, and other charges under a health care service plan or health insurance policy.

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

Senate Bills

SB 56 (Alquist) County Joint Health Plan Ventures

Version: Amended 1/11/2010

Sponsor: Author

Status: 2/11/2010 - Assembly HEALTH

The bill would allow health plans governed by various county bodies (boards of supervisors, special commissions, health system, health authority or medical services plan) to form joint ventures to create integrated networks of public health plans that pool risks, share networks or jointly offer health plans to individuals and groups. The intent of the legislation is to facilitate establishment of affordable health coverage options in the individual and group markets.

†**SB 227** (Alquist) MRMIP Expansion

Version: Amended 07/13/2009

Sponsor: Author

Status: 7/13/2009-Assembly APPROPRIATIONS

The bill would provide long-term stable funding for the Major Risk Medical Insurance Program (MRMIP), thereby expanding the program to cover more individuals. To accomplish this, the bill would:

- Require health care plans and insurers providing individual or group coverage to either provide guaranteed-issue coverage to individuals eligible for MRMIP or to pay a fee;
- Eliminate the annual \$75,000 benefit limit and increase the lifetime limit to \$1 million;
- Require MRMIB, conditioned on the absence of a MRMIP waitlist, to establish a process for individuals in the Guaranteed Issue Pilot program to voluntarily re-enroll into MRMIP;
- Require MRMIB to establish premiums at no more than 125 percent of the standard average individual rate for comparable coverage, which is consistent with existing maximum subscriber contribution rates.
- Require MRMIB, in the absence of a MRMIP waiting list, to use federal funds to lower contributions for subscribers who are at or below 300 percent of the federal poverty level to no less than 6 percent of their income;
- Allow MRMIB, with any remaining federal funds, to lower contributions to no less than 6 percent of their income for subscribers with income over 300 percent but less than 400 percent of the federal poverty level.

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

- Establishes an 11-member panel of specified membership to advise the Board on MRMIP

The Board originally took a position of “support if amended” on this bill. Because the author amended the bill to cap the maximum subscriber contribution at 125 percent of the standard premium for comparable coverage, the Board is now “in support” of the bill. SB 227 is similar to AB 2 (Dymally, 2007) and AB 1971 (Chan, 2005).

SB 316 (Alquist) Health Care Coverage: Disclosures

Version: Amended 12/17/2009

Sponsor: Author

Status: **2/11/2010 - Assembly HEALTH**

Current law requires health plans and insurers, when presenting a plan contract or policy for examination or sale to a group of 25 or fewer individuals, to disclose the minimum loss ratio (ratio of premiums paid to health services or claims paid v. administrative costs) for the preceding year. This bill would broaden this mandate and apply it to groups of 50 or fewer individuals.

SB 543 (Leno) Minors: Consent for Mental Health Treatment

Version: Amended 9/3/2009

Sponsors: National Association of Social Workers, California Chapter; Mental Health America of Northern California; GSA Network; and Equality California

Status: **9/11/2009 - Assembly INACTIVE FILE**

This bill would:

- Allow a minor who is at least 12 years old to consent to outpatient mental health treatment or counseling services if the attending “professional person,” as defined, determines the minor is mature enough to participate intelligently in the mental health treatment or counseling services;
- Require involvement of the minor’s parents in the treatment or services unless the “professional person” determines, after consulting with the minor, that the parental involvement would be inappropriate;
- Expand the definition of a “professional person” to include a licensed clinical social worker, as specified, and a board-certified or board-eligible psychiatrist;
- And in terms of the cost issue, in a case where the minor’s parents were not involved in the treatment, would not hold the parents financially liable for the treatment cost.

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

SB 810 (Leno) Universal Health Care

Version: Amended 1/13/2010

Sponsor: One Care Now, Health Care For All

Status: **1/28/2010 – In Assembly pending referral**

This bill states the intent of the Legislature to establish a single system of universal health care coverage and a single public payer for all health care services in California. To that end, this bill would:

- Create the California Healthcare Agency, an independent agency under the control of a Healthcare Commissioner appointed by the Governor on or before July 1 of the fiscal year following the bill's effective date and confirmed by the Senate.
- Require the system to become operational no later than two years from the date the Secretary of the California Health and Human Services agency determines that the Healthcare Fund, created for this bill's purposes, would have sufficient revenues to fund the costs of implementing the bill. The California Healthcare Agency would supervise the California Healthcare System Plan. All people physically present in California with the intent to reside in the state would be eligible for the California Healthcare System Plan.
- Prohibit any health care service plan contract or health insurance policy, except for the California Healthcare System Plan, from being sold in California for services provided by the system. This provision would have the effect of reducing the health plan and insurance industry in California to either third-party administrators or entities that provide coverage for benefits not covered by the California Healthcare System Plan.
- Require the Managed Risk Medical Insurance Board (MRMIB) to serve, with other departments and agencies, on an advisory panel that would make recommendations to the Commissioner on how to establish the system throughout local regions.

SB 836 (Oropeza) Breast And Cervical Cancer Early Detection Program Expansion

Version: Amended 4/7/10

Sponsor: Author

Status: **4/26/10 – Senate SUSPENSE**

This bill would require the Department of Public Health (DPH) to provide breast cancer screening and diagnostic services to individuals of any age who are exhibiting symptoms, with a physician's recommendation, and to individuals 40 years of age or older whose family income does not exceed 200 percent of the federal poverty level. This bill would appropriate an unspecified amount to fund the DPH breast and cervical cancer early detection program.

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

†**SB 890** (Alquist) Health Care Reform Implementation

Version: Amended 5/20/10

Sponsor: Author

Status: 5/20/10 – Senate SUSPENSE

This bill would enact major changes to rules governing the individual insurance market that would affect standard benefit plan designs, and make other changes to standardize the enrollment application process. This measure would require a plan or insurer to offer and market one standard benefit plan design in each of five different coverage categories and require discontinuation of plans that did not meet the standard benefit design on or after July 1. This bill would create the Individual Insurance Market Reform Commission that would review and suggest changes to the standard benefit plan designs and would require health insurance regulators to jointly adopt regulations based on the Commission's suggestions. This measure would also allow an individual plan subscriber or policyholder, on the annual renewal date, to transfer on a guarantee issue basis to another plan of the same or lower coverage category or actuarial value. The bill would also enact a minimum amount of expenditure by percentage on health care benefits.

†**SB 900** (Alquist) California Health Insurance Exchange

Version: Amended 5/20/10

Sponsor: Author

Status: 5/20/2010 – Senate SUSPENSE

This bill would establish the California Health Benefits Exchange within the California Health and Human Services Agency by January 1, 2014. The exchange would be required to implement specific functions imposed by the federal Patient Protection and Affordable Care Act: To enter into contracts with health care service plans and health insurers seeking to offer coverage in the Exchange, and provide a choice in each region of California among the five levels of coverage specified in the federal Act. Further, the bill would require the Exchange be governed by a board appointed by the Governor and Legislature and would create the California Health Benefits Exchange Fund in the State Treasury.

*†**SB 1063** (Cox) Healthy Families Program

Version: Amended 5/24/10

Sponsor: Author

Status: 5/24/2010 – Senate SUSPENSE

This measure would require the Board to structure copayments for prescription drugs and emergency health care services in a specified manner to the extent consistent with federal law, using a ratio that penalizes use of brand name drugs instead of generics and use of emergency health services if the subscriber is not hospitalized. For brand name prescription drugs, a copayment of at least 150 percent of the copayment amount for a generic equivalent is to be charged; for emergency room usage, a copayment of at least 150 percent of the copayment for

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

the highest copayment for non-preventative health care services is to be charged. The bill has been amended to specifically exclude subscribers in families with household incomes equal to or less than 150 percent of the federal poverty level from the co-payment requirements.

†**SB 1109** (Cox) California Children and Families Program: Funding

Version: Introduced 2/17/2010

Sponsor: Author

Status: **4/14/2010 – Failed Passage in Senate HEALTH; RECONSIDERATION GRANTED**

This bill would abolish the California Children and Families Commission, also known as First 5 California, and the county children and families commissions, effective 90 days after it is approved by the voters. If enacted, it would provide, with some exceptions, that these funds be transferred to the state General Fund for appropriation by the Legislature to the Healthy Families and Medi-Cal programs.

†**SB 1163** (Leno) Health Care Coverage: Denials: Premium Rates

Version: Amended 4/28/2010

Sponsor: Health Access

Status: **4/28/2010 – Senate SUSPENSE**

This bill would require a health insurer or service plan that offers health care coverage in the individual and large group markets to provide to whom it denies coverage or enrollment or offers coverage at a rate higher than the standard rate with the specific reason or reasons for that decision in writing in clear, easily understandable language. This bill would require a plan or insurer to annually disclose to the Department of Managed Health Care or the Department of Insurance the standards, processes and criteria used by the plan or insurer to deny issuance of a large group contract or policy. Individuals or groups subject to denials or offers of coverage at a rate higher than standard must be provided with information about the state's Major Risk Medical Insurance Program. The bill would also require annual reporting of demographic information on denials, including the reason why. This information would be required to be reported annually to the Managed Risk Medical Insurance Board, and the relevant policy and budget committees of the Legislature, as specified.

†**SB 1431** (Simitian) County Health Initiative Matching Fund

Version: Amended 4/7/2010

Sponsor: San Mateo County

Status: **5/3/2010 – Senate SUSPENSE**

This bill would allow C-CHIP counties participating in CHIM (County Health Initiative Matching) Fund to apply to the Managed Risk Medical Insurance Board through which to receive matching federal funds to provide health care coverage to children who are eligible but unable to enroll in HFP as a result of enrollment policies. These would be children whose family income is between 300 and 400 percent of the federal poverty level. Funding to serve this

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

population would be one-half local funds and one-half federal matching funds. No state funds would be used to support this expansion.

†SCA 29 (Strickland) Health Care Coverage

Version: Introduced 2/19/10

Sponsor: Author

Status: 5/5/10 – Senate HEALTH (failed passage in committee)

This bill would prevent delivery or enforcement of health care services in California that were required for individuals to purchase; that required health care service plans or health insurers to guarantee issue of to all applicants; would require employers to provide or pay a fee or tax in lieu of; would allow the government to create, operate or subsidize an entity that would compete with health care service plans or health insurers in the private sector; or would create a single-payer health care system, unless approved by a vote of the electorate.

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.

Bills MRMIB Will No Longer Report to the Board

SB 1095 (Aanestad) California Major Risk Medical Insurance Program

Version: Introduced 2/17/2010

Sponsor: Author

Status: **4/23/2010 – Senate HEALTH (died)**

This bill failed to be reported to fiscal committee by April 23, 2010 and is now dead. This bill would require the Board to offer a major risk medical plan within MRMIP that has varying annual deductibles and out-of-pocket maximums of sufficient range that allows subscribers to participate in Health Savings Accounts. The bill specifies the Board shall offer at least four different major risk medical coverage options with annual deductibles ranging from \$500 to \$2,500 for an individual to \$1,000 to \$4,000 for a family, with out-of-pocket annual maximums of \$2,500 to \$5,000 for an individual and \$4,000 to \$7,500 for a family.

* Major amendments since last Board meeting

† Priority Board bills

Developments since the previous Board meeting underlined.